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Power Integrations, Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Kimberly Quaco, Derivatively on Behalf of
Nominal Defendant POWER
INTEGRATIONS, INC.,

Plaintiff,

v.

Balu Balakrishnan, et al.

Defendants,

Power Integrations, Inc.,

Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND [PROPOSED] ORDER
ADJUSTING THE BRIEFING SCHEDULE
FOR NOMINAL DEFENDANT POWER
INTEGRATIONS, INC.'S MOTION TO
DISMISS**

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of record, hereby stipulate and agree to adjust the briefing schedule, *but not the hearing date*, on Powers Integrations' Motion to Dismiss to allow the parties to participate in a mediation scheduled for October 4, 2007. Under the proposed adjusted briefing schedule, Power Integrations' will file its Motion to Dismiss by **October 12, 2007**. This stipulation is based on the following facts:

1 **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative
2 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

3 **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended
4 complaint on or before May 26, 2006 and that defendants would respond to such amended
5 complaint on or before June 26, 2006;

6 **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on
7 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all
8 individual defendants. As a result, service was not completed on all defendants at the same time.
9 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective
10 service date and agreed that defendants would respond to the Quaco amended complaint on or
11 before September 12, 2006;

12 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by
13 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal
14 Defendant Power Integrations based upon allegations that were virtually identical to those alleged
15 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

16 **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend
17 the time to respond to the Quaco amended complaint until after the motion to consolidate and
18 appoint lead plaintiff was resolved;

19 **Whereas**, the Court consolidated the various actions on September 22, 2006 and agreed
20 that defendants need not respond to the various complaints pending resolution of the motion to
21 consolidate and appoint lead plaintiff;

22 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff
23 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered
24 plaintiff to file a consolidated complaint no later than January 17, 2007;

25 **Whereas**, the Court also set a briefing schedule and required Power Integrations to
26 respond to the Consolidated Complaint within 30 days of service of the Consolidated Complaint
27 and set a hearing on the anticipated motion to dismiss the Consolidated Complaint for failure to
28 comply with the shareholder demand requirement for April 23, 2007;

1 **Whereas**, the Court also continued the date for the various defendants to provide a
 2 substantive response to the Consolidated Complaint until after the resolution of the demand
 3 futility motion;

4 **Whereas**, on February 9, 2007, pursuant to a stipulation by the parties, the Court extended
 5 Power Integrations' time to respond to the Consolidated Complaint and stayed all other activities
 6 until April 17, 2007 to allow the parties to engage in informal discovery and to discuss a potential
 7 resolution of this matter;

8 **Whereas**, on April 10, 2007, pursuant to a stipulation by the parties, the Court extended
 9 Power Integrations' time to respond to the Consolidated Complaint and stayed all other activities
 10 until June 1, 2007 to allow the parties to continue informal discovery and to discuss a potential
 11 resolution of this matter;

12 **Whereas**, on May 31, 2007, pursuant to a stipulation by the parties, the Court extended
 13 Power Integrations' time to respond to the Consolidated Complaint and stayed all other activities
 14 until July 23, 2007 to allow the parties to continue informal discovery and to discuss a potential
 15 resolution of this matter while avoiding the costs of litigation;

16 **Whereas**, on July 20, 2007, pursuant to a stipulation by the parties, the Court ordered
 17 plaintiffs to file an Amended Consolidated Complaint by August 3, 2007, Power Integrations to
 18 file a motion to dismiss by September 12, 2007, plaintiffs to file their opposition by October 22,
 19 2007, and Power Integrations to file a reply brief by November 12, 2007 and set the hearing date
 20 for the motion to dismiss for December 3, 2007;

21 **Whereas**, the parties have scheduled a mediation for October 4, 2007 to help resolve this
 22 matter. Due to the number of parties involved, two intervening religious holidays, and mediator
 23 availability, the parties were unable to schedule the mediation earlier than October 4, 2007;

24 **Whereas**, Power Integrations and plaintiffs agree that the briefing schedule for Power
 25 Integrations' motion to dismiss should be adjusted so that between now and the mediation Power
 26 Integrations can focus on further discussing a possible settlement rather than filing a motion to
 27 dismiss;

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Whereas, Power Integrations and plaintiffs agree that barring a settlement, litigation of the matter must proceed, and therefore, would like to keep the December 3, 2007 hearing date and only adjust the briefing schedule;

Whereas, the only scheduled events in this case are the briefing and hearing dates on Power Integrations' motion to dismiss the case for failure of plaintiff to comply with the shareholder demand requirement; and

Whereas, the only dates affected by this stipulation will be the briefing dates for Power Integrations' motion to dismiss. No other scheduled dates will be affected by this stipulation.

Now, therefore, it is hereby stipulated, by and between the undersigned, as follows:

1. Power Integrations will have through and including October 12, 2007 to file a motion to dismiss based on demand futility;

2. Plaintiffs will have through and including November 12, 2007 to file their opposition;

3. Power Integrations will have through and including November 19, 2007 to file a reply brief; and

4. The hearing on Power Integrations' motion to dismiss based on demand futility will remain on December 3, 2007.

Dated: September 7, 2007

SCHIFFRIN BARROWAY TOPAZ & KESSLER, LLP

By: /s/ Lee Rudy
Lee Rudy

Lead Counsel for Plaintiffs

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1 Dated: September 7, 2007

COOLEY GODWARD KRONISH LLP

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4 By: /s/ Jeffrey S. Karr
Jeffrey S. Karr

5 Attorneys for Nominal Defendant
6 Power Integrations, Inc.

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8 **ORDER**

9 PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

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12 Dated: September 11, 2007

13 The Honorable
14 United States District Judge



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16 **FILER'S ATTESTATION**

17 Pursuant to General Order No. 45, Section X, Subparagraph 5, the undersigned attests that
18 all parties have concurred in the filing of this Stipulation and [Proposed Order].
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20 Dated: September 7, 2007

COOLEY GODWARD KRONISH LLP

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23 By: /s/ Jeffrey M. Kaban
Jeffrey M. Kaban